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AIR POUCH

FOREIGN SERVICE DESPATCH

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From: Amcongen, Lagos, Nigeria No. 332

To: Department of State, Washington

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March 24, 1952
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Subject: Fortnightly Newsletter - March 10-22, 1952

SUMMARY

The big news of the period was the opening of the first budget session of the new House of Representatives, which met for the first time only in January, 1952. The main features of the session were speeches by the Governor and the Financial Secretary, both of which were well received in all quarters. The Governor stressed that (1) he and his ministers intended to give Nigeria a better balanced economy by speeding up industrialization; and (2) foreign capital would be encouraged; and (3) agriculture should be expanded. The Financial Secretary was able to report various developments which had favorably affected the general economy during the past year, such as increased revenues. He expressed opposition to price controls, and stated that Nigeria's economic future was bright.

For the 1952-53 season various record crops are predicted, including cotton, soy beans, benniseed, and peanuts. In 1951, both exports and imports were ar record levels.

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POLITICAL

Opening of Budget Session of New House of Representatives.

The first budget session of the new House of Representatives opened on March 11, 1952. That house met for the first time on January 29, 1952.

The elected representatives of the three regions of Nigeria, and some 33,000,000 people, met to consider the nation's budget. After approving budgets for their respective regions, the House members gathered to approve or disapprove estimated expenditure for the Federal Government. The budget has been considered by the Council of Ministers, in which all three regions are represented equally.

The Governor of Nigeria presided over the meeting and, after a few formalities, delivered a ringing address, the keynote of which was a statement that his new ministers are determined to give the country a better balanced economy by speeding up industrialization. He expressed the belief that the country was vulnerable because it leans so heavily on agriculture. He said that measures would be introduced designed to encourage capital investment in the establishment of industries in Nigeria, and that his ministers hoped to attract foreign capital. These measures would include exemption from certain taxation. Another bill of economic importance would permit extraction of lead-zinc deposits in Abakaliki. The Government would give a long-term mining lease to a company willing to invest several millions of pounds sterling and possessing extensive technical resources. The Governor added that in recent years it had not been difficult to balance the country's budget because of high prices received for its export products.

The Governor revealed that the Government would soon set up two bodies, one to study the Nigerianization of the Civil Service, and the other to review the activities and functions of the Public Relations Department. These steps would be taken to evolve new and more acceptable policies of each, concerning which there had been expressed w. ie-spread appeal to (1) expand the number of Africans in the Civil

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Service, and (2) to revise the duties of or completely eliminate the Public Relations Department.

The Governor spoke particularly of the great need to expand and improve agriculture.

During the course of the first budget session the Governor introduced a parliamentary delegation of three persons who came here from Britain to attend the session. Beginning on the fourth day of their stay they toured the provinces.

Speech of Financial Secretary on Opening of Budget Session of House, Highly Encouraging.

On Wednesday, March 12, 1952, the Financial Secretary delivered his budget speech. This was the first budget session of the Central House, to be held under the new constitution. The Secretary pointed out that since the new Government had been in power only two months, there was no time to re-draft budget proposals, and it was necessary to utilize the proposals of the old Government as a working basis on which to keep the Government going during the early months of the financial year. It thus is rather a stop-gap budget incorporating no new or outstanding departures from previous budgets.

The Financial Secretary pointed out that, during the past year, Nigeria had earned a lot more revenue than had thought to be possible, (£8,000,000) because of high prices of Nigeria's exports and the consequent increase in export duties. Import duties were also higher. It was indicated, too, that there were some large items of expenditure, particularly for airports, construction as result of new constitution, building of university to train physicians, hospital expansion, and the building of a technical college.

The Secretary said that the late Government had raised a loan of £6,800,000 in London, which would now be used largely for electric power, railway and port development; and that the export trade was highly satisfactory during the past year. Rather significantly he mentioned that one reason why Nigeria did so much better in 1951 than in 1950 was that there were fewer strikes in 1951. The Government's great interest in the rising cost of living was emphasized but the Secretary expressed the opinion that price controls would only make matters worse, because of black market activity. He felt that there could be no marked fall in prices until tension which exists between Russia and the outside world lessens.

It was predicted that revenues for the coming year would be lower because world prices of some primary products had decreased from the high levels they touched a year ago; and was of the opinion that total revenues would reach some £38,500,000, and total expenditures about £38,000,000. He also stated that the Government would

get £4,000,000 from Britain for Nigeria's 10-year plan, and that ~~this~~ this money would go to education, medical services, and the balance for other social services. Expenditures will therefore likely reach a grand total of £42,000,000.

The Finan ial Secretary ended his talk by saying that Nigeria had marched steadily foward in the past, and that its future was bright.

Many Members of Central House Express Fear of Foreign Capital, Loans and Personnel.

The central budget speeches have thus far been impassioned and many representatives are agreed that Nigeria should be industrialized. But along with this yearning for the good things of life has come the repeated cry of caution against the importation of foreigh capital loans, and personnel. The press has taken the same line and has frequently cited the case of Persia "who had previously invited British capital for oil development, but later found themselves economically crippled, making it necessary to ask the British to leave". The Africans seem overly sensitive on the subject and are demanding full safeguards as respects any development projects awarded to foreign companies. They greatly fear economic domination by non-Nigerian interests.

The Need for Technical Training.

Many members of the House have emphasized that the great needs of Nigeria are to develop agriculture and industry. Most of its economic life today is built around the exports of agricultural and forest products. Along with the desire to industrialize and further develop agriulture, House members realize that the first step lies in providing technical education in their schools in subjects such as agriculture, engineering, carpentry, shoemaking, tailoring, animal husbandry, printing, construction and in the whole field of mechanical knowledge, such as motor vehicle and farm machinery mechanics. There is, thus, great need for vocational trade schools as a prelude to industrialization. The Government plans to give some of its people technical training via scholarships in foreign countries, but not much progress can be made until the country has its own schools of that type.

New Government of Nigeria Decides to Investigate Public Relations Department.

This act has met with quite general approval by the African people. With the new Government they feel it necessary for new forms of publicity and information, and stress that the PRO should only give facts, and leave people to think what they wish. In the past its efforts have been misdirected, in the opinion of new African government officials.

Lagos Town Council Accused of Corruption.

The mayor of Lagos, Dr. Olorun-Nimbe, has carried his war on his ex-allies of the Lagos Town Council into the Council chambers themselves. The mayor threw charges of "conspiracy and organized corruption" at the Council in a recent meeting and challenged the members to submit their conduct of affairs to a Commission of Enquiry. The Councillors of the Democratic Party voted their majority as a unit to reject the proposals while the opposition Area Council members supported the proposal. If the mayor continues his charges and, particularly, if he substantiates any one of his accusations, the Western Government may take up the matter since the Democrat' majority party in the LTC is allied with the Western minority party, the NCNC.

ECONOMIC

Record Cotton Crop Assured This Year.

A spectacular increase in the amount of Nigeria's cotton crop for the 1952/52 season is assured by reports of seed cotton purchases to mid-March. Translated into terms of bales for export it means that this year there should be over 100,000 bales - an all-time record since cotton was first grown in Nigeria for export. In the 1950/51 season seed cotton recived into the ginneries reached 42,305 tons which produced 75,423 bales of cotton lint and 28,649 tons of cotton seed.

Soya Bean, Benniseed and Peanut Crops Promise Records.

Peanut purchases in the Kano area to January 10, 1952 (1951-1952 crop) reached 260,621 long tons as compared with 119,685 tons purchased in the corresponding period of the 1950-1951 buying season. Rivers area purchases were 14,272 tons as compared with 50-51 purchases. A record peanut crop is expected.

The 1951/1952 buying season for benniseed opened in June, 1951 and up to January 10, 1952 a total of 10,057 long tons were bought. The corresponding period last year saw 7,767 tons bought.

An all-time high soya bean crop is foreshadowed by purchases totalling 6,996 tons to January 10, as compared with 2,529 ton purchases the previous year.

Nigeria Exports a Record.

Nigeria's up and coming trade reached a new peak in 1951, it is revealed by official figures published in London. Exports were £130,000,000 (£77,000,000 in 1950). Imports were more than £83,000,000 (£63,000,000 in 1950) and this gives the country a favourable trading balance of £47,000,000.

Regional Production Development Board in East Earmarks £200,000 For Cashew Industry.

One of the industrial schemes initiated by the Eastern Regional Production Development Board and which came up for approval by the Eastern House of Assembly is the cashew nut industry for which a sum of £200,000 has been earmarked. Whether it would be feasible to establish such plant and rely on the wild cashew as a source of nut (as is the case with the palm oil industry), or whether it would be essential to first establish large plantations, remains to be seen.

Development of Lead-Zinc Deposits.

One of the most important bills to be considered by the House of Representatives during its current session is the bill to provide more facilities for the exploitation and development of the valuable lead-zinc deposits in Ogoja Province.

After many years of prospecting and ascertaining the extent of the deposits, the stage has now been reached where very considerable long term capital investment and special experience are necessary and the present operating company, Mines Development Syndicate (West Africa) Ltd., proposes to obtain the assistance of an American firm, the American Smelting and Refining Company.

The purpose of the bill is to empower the Governor to grant prospecting and mining leases to enable the work to be carried on. Under the bill there are two important departures from the existing Minerals Ordinance concerning the length of the leases and the royalties payable. The maximum duration of a lease is now fixed by law at 21 years but the two companies are unwilling to invest their money unless this is extended to thirty years with a further renewal period after that.

The companies will pay annual rents to Government for the land.

The bill stipulates that before the expiration of four years the lease and all rights, licenses and grants must be assigned to a company incorporated in Nigeria and that not less than £300,000 worth of shares or stock in that company are to be offered for subscription in Nigeria.

The Nigerian Economy.

Awolowo is adopting a go-slow attitude in the widespread proposals for rapid industrialization of Nigeria's economy. In a lucid analysis of the economic situation he concluded that 71 per cent of the revenue is directly dependent upon export-import trade whereas only 2 per cent comes from individual taxation. In recommending a cure Awolowo takes a conservative approach along agriculturalist lines and recommends "some" industrialization while assigning first priority to a large-

scale improvement in agricultural economy, introduction of mass education and the extensive provision of medical and social services. He is s[illegible]g away fr[illegible]m the undesirable results of "too-rapid" industr[illegible]zation as further drain of the working force from the rural areas into the cities, increase in the white population, etc.

One of Awolowo's lieutenants in the House of Representatives, the Hon. S. O. Awokoya, Minister of Education in the Western Region, acknowledged that the economy is unbalanced and that industrialization is the remedy but he proposes that the badly needed foreign capital be regulated and controlled under the new Pioneer Industries act by requiring 51 per cent stock ownership by the Government, and a series of planning boards to control production, location of industries, wages, prices, etc. This type of provision does not appear to Awokoya to be highly discouraging to foreign investors. He also advocates more social services and erection of a central bank.

Nigeria Purchases 92 Ndama Cattle From French Guinea.

The Agricultural Department farm at Ilorin has purchased the cattle from French territory because of their high resistance to tsetse fly bites. It is planned to crossbreed the Ndama cattle with local dwarf Muturu cattle to obtain a fairly large, fly-resistant animal.

Proposed Banking Ordinance.

A great deal of furor has been raised in the local press over certain provisions of the new proposed Banking Ordinance. Most of the sound and fury, however, has come from the Daily Success, the owner of which, one Mr. Isuman, has a very direct interest in a Lagos bank.

The House of Representatives has been petitioned by the Association of African Bankers to modify or eliminate the more obnoxious sections which deal with licensing of banks, power of inspection of the books, mandatory financial reports and discretionary powers of the Financial Secretary to adjust minimum reserves. Likelihood is that the Bill will become law without substantial change from the draft.

Purchase of Tin Rights Pay Off.

Two years ago the Nigerian Government purchased the United Africa Company's rights on tin for a total of one million pounds. The revenue derived by the Government from these rights in 1950 amounted to £330,000 and £810,000 in 1951. The anticipated income this year is £900,000. Therefore the investment has paid off rapidly and must, in the words of the Financial Secretary, be considered "by any standards, a sound financial deal".

Extension of Electric Power Facilities.

According to the present schedule Aba, Onitsha, Abakaliki and the Southern Cameroons should all have electric power by the end of the year. A small station at Abakaliki now lacks only the distribution lines (estimate six months to completion). A supply for Aba should be available within the next six months, which may have to be supplemented from Port Harcourt. The diesel-generated Onitsha project is said to be in the planning stage but two 750 kilowatts waterdriven generators on the Njoke-River about 35 miles from Victoria will supply electric power to Buea, Bota and Victoria "in a few months".

OTHER

Land Dispute Riots.

Two riots stemming from border disputes have taken place. The first was in the Eastern Region around Bamenda, the second was on the Ikot-Ekpene - Abak border, just northeast of Port Harcourt. In the Bamenda affair at least four persons were killed and many injured when members of the Widekum tribe attacked land held for over 90 years by the Bali tribe. The Widekums made an organized incursion with about 5,000 men, burned over a thousand Bali homes, looted, and destroyed bridges. The intent was to repossess the land which they held prior to 1860 which was at that time conquered by the Balis, and which area they failed to regain through a court action commenced in 1950 and "non-suited" on February 25th of this year. Having taken over the area in the attack begun on March 3, the Widekum (Mengen Branch) demanded the case be retried. The Governor then ordered a Commission of Enquiry consisting a "Sole Commissioner" to look into and recommend remedies for any possible injustices, the investigation to begin after the Widekum vacated the area. Most have returned to their fommer dwellings but a few recalcitrants remain behind, leaving the situation, in the words of the Chief Secretary, "explosive and dangerous".

In the Ikot-Ekpene - Abak affray one man was killed and two wounded in a similar affair when rejected plaintiffs in a border dispute case (decided by the Supreme Court) attacked the victorious defendants after brooding over the situation for a few days. No major disorder is now anticipated.

A. W. Childs
Consul General

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